

THIRD SEMESTER M.A./M.Sc./M.Com. DEGREE (REGULAR) EXAMINATION
NOVEMBER 2020

(CBCSS)

M.Com.

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

Section A*Answer at least three questions.**Each question carries 2 weightage.**All questions can be attended.**Overall Ceiling 6.*

1. What is Casual Income ?
2. Who is Deemed Assessee ?
3. What is Statutory Provident Fund ?
4. Define Annual Value.
5. What is Tax Planning ?
6. What is Long term capital asset ?
7. What is Regular Assessment ?

(3 × 2 = 6 weightage)

Section B*Answer at least three questions.**Each question carries 4 weightage.**All questions can be attended.**Overall Ceiling 12.*

8. Explain the need for Tax Planning.
9. What are the differences between Tax planning and Tax Evasion ?
10. Explain the powers of CBDT.

Turn over

11. From the following particulars supplied by Mr. Sridhar, Karta of HUF, compute its total income for the Assessment Year 2020-21.

Profit from family business Rs. 3,38,000.

Ravi, a member of the family received salary for his service in a college Rs. 1,20,000.

Salary to Raju, another member of the family for his service in the family business (Assessing Officer considers Rs. 80,000 as reasonable) Rs. 82,000.

Directors fees received by Karta Rs. 2,500.

Interest on Govt. Securities Rs. 12,000.

Annual rent from house property let out Rs. 30,000.

Municipal Taxes Paid on Let out Rs. 3,000.

Religious expenses Rs. 5,000

Donation to Channabasava Swamy Temple (approved) Rs. 40,000 by cheque.

12. Following are the particulars of income of Shri. Nareshsharma for the Previous Year 2019-20.

1. Profit from business in England received in India Rs. 12,000

2. Income from house property in Pakistan received in India Rs. 2,000

3. Income from house property in Bangladesh deposited in a bank there Rs. 4,000.

4. Profit from business in Indonesia deposited in a bank there, this business is controlled in India Rs. 5,000.

5. Income accrued in Bhopal but received in Singapore Rs. 6,000.

6. Profit from business in India Rs. 15,000.

7. Past untaxed foreign income brought into India during the P.Y. Rs. 20,000.

From the above particulars, compute GTI of Shri. Nareshsharma for the A.Y. 2020-21, if he is (a) Resident, (b) Non-Ordinarily Resident, and (c) Non - resident.

13. The following are the particulars of income of Mr. Ramesh for the Previous Year ended on 31st March, 2020 :

Salary Rs. 45,000

Bonus to equal to two month's pay

Dog allowance Rs. 750.

Special allowance Rs. 600 p.m.

Employee's contribution to a RPF @ 15% of salary

Employer's contribution to the fund @ 15% of the salary

Interest credited to the provident fund @ 9.5% p.a. is Rs. 28,000

He is provided with free lunch in the office. The cost per meal is Rs. 30.

The employer has given him a small car which he uses his personal and official purposes. He meets the expenses for the personal purposes from out of his pocket.

Compute the income from salaries of Mr. Ramesh for the Assessment Year 2020-21.

4. From the following information compute tax payable by an individual for the Assessment Year 2020-21 :

1. Total income computed Rs. 3,00,00,000
2. Total income includes :
 - (a) Short term capital gains u/s 111A 30,00,000
 - (b) Long term capital gains u/s 112A 20,00,000.

(3 × 4 = 12 weightage)

Section C

Answer at least two questions.

Each question carries 6 weightage.

All questions can be attended.

Overall Ceiling 12.

5. Discuss the powers of Income Tax Authorities.
6. What is Assessment ? Explain the different types of Assessment.
7. Shri. Anandilal Metha's total income was computed for the Assessment Year 2020-21 is Rs. 6,07,000 from the following information :

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|--|--------------|
| 1. Taxable income from House Properties (No TDS) | Rs. 5,16,000 |
| 2. Taxable income from Business : | |
| (a) Loss from General Business | 32,000 |
| (b) Loss from Speculation Business | 17,000 |
| | (—) 32,000 |
| 3. Capital Gains (LTCG) | Rs. 37,500 |
| 4. Agricultural Income | Rs. 12,500 |
| 5. Income from Other Sources : | |
| (i) Gross winning from Lottery | Rs. 50,000 |
| (ii) Taxable interest on Govt. Securities | Rs. 40,000 |

Turn over

18. Compute income from salary of Shri. Yashwant for the Previous Year ending 31 st March, 2020 from the following details :

- (i) Salary Rs. 27,500 per month and DA 60% of salary.
- (ii) The employer provided him a small motor car for official and personal use. Expenses are borne by the employer. This facility is provided him from 1st August, 2019. Prior he used the car for commuting between residence and office and official work.
- (iii) Unfurnished rent free house at Bhopal fair rent Rs. 36,000 annually and the employer is owner.
- (iv) He contributes to R.P.F. 15%. The employer contribution is also 15%, Rs. 5,600 credited as interest to the fund at the rate of 14%.
- (v) The employer provided him free telephone facility at his residence and bills paid by the employer during the previous year is Rs. 3,600.
- (vi) He is provided free meal ; such a facility is given for 248 days during the previous year. The cost per meal is Rs. 65.
- (vii) Free use of health club facility provided by the company and asst of such facility is Rs. 600 P.M . This facility is available for each employee of the company.
- (viii) The employer deducted Rs. 15,000 as income tax and Rs. 2,500 as professional tax from his salary.

(2 × 6 = 12 weightage)